



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 34 2018 (ending 24/08/2018)

**“We build too many walls and not enough bridges.” – Isaac Newton**

**Central Bank reports shows retail spending up 18% y-o-y in June** – Latest Credit and Debit Card Statistics for Q2 2018 published by the Central Bank of Ireland show that retail spending increased by €253 million (or 18%) on an annual basis in June with restaurant/dining showing the highest growth rate of 23%.

**34.1% yearly increase in new Irish homes built in Q2 2018** – The latest New Dwellings Completion Quarter 2 2018 Report by the Central Statistics Office shows that 4,419 new dwellings were completed, up 34.1% over the same period in 2017. The Dublin and Mid-East regions made up 60.5% of all new dwelling completions.

**Global stock market up 1% on the week** – The MSCI AC World TR Index showed a 1.00% return from 17th August to 24th August, as the U.S. stock market set a record on Wednesday for the longest-ever bull market at 3,453 days. The Vix (CBOE Volatility Index) closed the week at 11.99, down from 12.64 on 17th August.

**ECB G.C. July meeting minutes confirm QE end date for December 31st** – The European Central Bank published minutes of its July 26 Governing Council meeting where it confirmed its expectation that net asset purchases would be reduced to €15 billion from September until the end of 2018 and should then end.

**No major progress in new China / U.S. trade talks** – No progress was reported by either side on the big issues of the large U.S. trade deficit or U.S. intellectual property rights after they ended their two-day trade talks with both sides afterwards imposing tariffs on \$16 billion of additional imports from the other side.

**U.S. stock market hits record bull market length** – Thanks to strong, resilient U.S. economic growth and continued good news on quarterly corporate earnings, the bull market in the U.S. stock market hit 9 years, 5 months and 13 days last week, finally exceeding the previous record run from October 1990 to March 2000.

**The Story of the week:** German scientists, led by head researcher Dr Auguste von Bayern, from the Max Planck Institute of Ornithology in Starnberg, have discovered that parrots can make complex economic decisions. They were taught to recognise the value of tokens where the most patient parrots could exchange their tokens for pieces of walnut, while the less determined traders were stuck with dry corn or sunflower seeds. The scientists found that when offered a low quality food or a token, the parrots would consistently choose the token if it produced a better food prize.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 24/08)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	4.7
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-2.3
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	1.8
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	0.1
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	8.9
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	15.1
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-0.7
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-4.3
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	-0.8
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	2.8
German	1.9	0.5	0.6	0.2	0.4	0.3
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.8
Italy	4.1	2.1	1.6	1.8	2.0	3.1
Greece	8.2	9.6	7.9	7.1	4.1	4.1
Portugal	6.1	2.7	2.5	3.8	1.9	1.8
Spain	4.1	1.6	1.7	1.4	1.6	1.4
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.90
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.28
<b>IPD All Property Return % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

\*Past performance is not a reliable guide to future performance and may fall as well as rise.